

**Technical Appendices for the  
Operational Review of the Assessing Department Report**

**TOWN OF FRAMINGHAM,  
MASSACHUSETTS**



**September 27, 2012**

## **TECHNICAL APPENDICES**

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## **APPENDIX A**

### **TABLE OF RECOMMENDATIONS AND SUGGESTED IMPLEMENTATION PLAN**

The following table summarizes each of the major recommendations contained within the body of the report. For each recommendation, a priority, responsible entity and timeframe has been identified to enable the development of a multi-year implementation plan. Where the recommendation has a hard cost impact (actual budgeted funds needed), an estimate has been provided. These recommendations are in order, in which they appear, in either the best management practices assessment matrix (Appendix B) or Chapter 4 – Analysis of Staffing, Operations, and Customer Service.

| <b>Number</b> | <b>Recommendation</b>   | <b>Priority</b> | <b>Responsible Entity to Implement</b> | <b>Timeframe</b>             | <b>Estimated Cost / (Savings)</b> |
|---------------|---|-----------------|--|------------------------------|-----------------------------------|
| 1.            | More formal work planning methodologies should be put into place to document and monitor performance of individual staff members and the department as a whole. Key focus areas should be on timely completion of work activities, number of inspection completed, entry of data into the computer system, etc.   | High            | Chief Assessor                         | 4 <sup>th</sup> Quarter 2012 | n/a                               |
| 2.            | The Town should consider utilization of performance based budgeting within the Assessing Department (and other Departments) that directly ties allocated resources to the defined work activities required to be performed. Within the Assessing Department, the quantity of work to be completed is easily defined and should be tied directly to both the number of staff and the amount of contracted services necessary to conduct this work. | Medium          | Town Manager                           | 2013 or later                | n/a                               |

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| Number | Recommendation   | Priority | Responsible Entity to Implement | Timeframe   | Estimated Cost / (Savings)   |
|--------|--|----------|---------------------------------|-------------|--|
| 3.     | <p>A greater focus should be placed on staff training including the following elements:</p> <ol style="list-style-type: none"> <li>1) The Chief Assessor, to maintain staff skills and knowledge of the changing assessing environment, should develop an internal education process, such as monthly staff training.</li> <li>2) A high priority should be placed on providing sufficient training to enable staff to maintain required certifications and licenses. Town funding should be allocated for these training sessions.</li> <li>3) Refresher training on the assessing software should be provided to enhance the consistency and integrity of data entered into the system so that more reliable reports and analysis can be conducted regarding work activities. If needed, this training effort should be contracted out to ensure that it is conducted timely and in a quality manner.</li> <li>4) All staff in the Assessing Department should receive appropriate customer service training. Field staff should also receive training in field safety protocols.</li> </ol> | High     | Chief Assessor                  | 2013        | N/C except if training in #3 is contracted out. If this occurs, estimate is \$10,000 in new funds. |
| 4.     | The Department should implement a cross-training program to enhance staff skills and ensure that all positions have at least one back-up. The most critical area to be addresses is the commercial valuation process.  | High     | Chief Assessor                  | Immediately | n/c  |

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| Number | Recommendation  | Priority | Responsible Entity to Implement | Timeframe             | Estimated Cost / (Savings)                                   |
|--------|---|----------|---------------------------------|-----------------------|--|
| 5.     | The positions within the Assessor's Office should be reviewed as part of a formal reclassification process and established as Field Assessors with required certifications. This must take place in context with the required collective bargaining with the employee association.  | Medium   | Town Manager                    | As soon as practical. | Dependent on negotiations.                                   |
| 6.     | While the current structure of the Board of Assessors provides a potential perception of lack of objectivity and independence for the Board, the approach utilized by the Town of Framingham is not unique in Massachusetts.<br><br>Longer-term the Town should consider implementation of a Board of Assessors that is staffed entirely with external individuals with the Chief Assessor serving as staff liaison rather than as the Board Chair. | Medium   | Board of Selectman              | 2013 – 2014           | n/a  |
| 7.     | As the Town develops GIS services within the organization, these should be integrated into the Assessing Department to enhance their ability to conduct more advanced and robust analytical analysis related to property assessments including evaluation of select geographical areas.   | High     | Chief Assessor                  | 2013                  | Dependent on licensing agreement with GIS software provider. |
| 8.     | The Department should implement a performance standard for updating key records regarding changes in parcels including ownership. Given legal requirements, this change cannot be recorded prior to the next commitment following a change. A quarterly report should be prepared showing the performance and level of compliance with the adopted standard.  | High     | Chief Assessor                  | 2013                  | n/a  |

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| Number | Recommendation   | Priority | Responsible Entity to Implement | Timeframe     | Estimated Cost / (Savings) |
|--------|--|----------|---------------------------------|---------------|----------------------------|
| 9.     | The present staffing allocated to the Assessing Department, including the two positions added during the last budget, are sufficient for existing workloads and to conduct inspections in compliance with the state-mandated six year cyclical inspections. Existing staffing allocations should remain.   | n/a      | n/a                             | n/a           | n/a                        |
| 10.    | One of the data collectors should be assigned at least half-time to assist the Chief Assessor on commercial valuation.   |          |                                 |               |                            |
| 11.    | The Department should continue to track the number of appeals, including total number files, number granted, and number denied to enable year over year and long-range trend comparisons. A summary report outlining the results of the appeals process that provides elements listed earlier should be posted on the Town's website.  | Medium   | Chief Assessor                  | 2013          | n/a                        |
| 12.    | More formalized processes for assigning staff to cyclical inspections should be developed to equalize workload among all data collectors. Additionally, the Chief Assessor should track workloads by data collector. A guideline outlining typical numbers of annual inspections to be completed (varying by type) should be established for data collectors to measure performance. This guideline should not be construed as a quota that must be met. | High     | Chief Assessor                  | 2013          | n/a                        |
| 13.    | The Town should explore opportunities to share data electronically between the Building and Assessing Department in order to reduce duplicative workload and to increase data integrity.   | High     | Chief Assessor / IT Staff       | 2013 or later | Unknown.                   |

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|--------|--|----------|---------------------------------|------------------------------|--------------------------------------|
| 14.    | Consideration should be given to conducting all inspections related to completed building permits (i.e. – those issued a certificate of occupancy) throughout the entire year to reduce the large workload that must be conducted during the spring / summer. Under this alternative, only active permits (those with work still being conducted) would be held for assessment in spring/early summer which is appropriate to enable the Department to assess appropriate value based upon percent completion. | Medium   | Chief Assessor                  | 2013                         | n/a                                  |
| 15.    | The Town should develop a plan to implement field access to the assessing software and bulidng permit data for the data collectors. This will increase productivity as all entry can take place in the field and data collectors will have greater access to other information in the field (maps, building permit information, other assessing records, etc.).  | High     | Chief Assessor / IT Staff       | 2014                         | Dependent upon approach implemented. |
| 16.    | Greater public education regarding the need to return completed income and expense statements should be conducted. Additionally, the Town should implement the penalties provided under State Law for non-compliance.  | High     | Chief Assessor                  | 1 <sup>st</sup> Quarter 2013 | n/a                                  |
| 17.    | The Town should utilize a portion of the contractual services funding provided, to assist in enhancing the personal property taxation effort. Additionally, one staff member should be assigned part-time to assist the Administrative Assessor with these duties.   | High     | Chief Assessor                  | 2013                         | \$10,000 - \$15,000 (exisitng funds) |

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| Number | Recommendation  | Priority | Responsible Entity to Implement | Timeframe     | Estimated Cost / (Savings)      |
|--------|---|----------|---------------------------------|---------------|---------------------------------|
| 18.    | Longer-term, the Town should consider the implementation of a new assessing software package and develop a plan for acquisition. Given costs associated with acquisition and transition, the Town should target implementation four to five years in the future to enable funds to be set aside to cover this cost.   | Medium   | Chief Assessor                  | 2014 or later | Dependent upon system selected. |
| 19.    | Enhance the Department's web site to include more topical information related to the assessing process, the role of the Board of Assessors, the Appellate Tax Board, personal property, and other items. The Assessing Division should view its web site as an educational tool to answer commonly asked questions, and to provide information that may potentially prevent customers from calling or coming to the office. | High     | Chief Assessor and Office Staff | Ongoing       | n/c                             |
| 20.    | The web site should allow customers to download commonly used forms such as motor vehicle and boat excise abatement forms, exemption forms, and others and provide an explanation on eligibility.   | High     | Chief Assessor                  | Ongoing       | n/c                             |
| 21.    | The Department should implement customer feedback cards to solicit information regarding the level of service provided to the public.   | High     | Chief Assessor                  | Immediate     | n/c                             |
| 22.    | The Assessor should conduct an orientation and education session for the Board of Selectmen periodically, and at least following each election to educate members on the assessing process.   | High     | Chief Assessor / Town Manager   | As needed     | n/c                             |



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| Number | Recommendation   | Priority | Responsible Entity to Implement | Timeframe   | Estimated Cost / (Savings)     |
|--------|--|----------|---------------------------------|-------------|--------------------------------|
| 23.    | The Assessor should provide additional detail documenting the assumptions developed and utilized in preparing the preliminary (spring) valuation estimates and the final valuation estimates (submitted to the State). The information presented should include a description of the specific sources of information (such as COSTAR, Korpacz Reach Estate Investor Study (REISO, Price Waterhouse Coopers publications, and informal surveying of commercial brokers) that are utilized by the Assessor. Copies of the relevant documents validating the data sources utilized should be provided to validate and support the rates utilized by the assessor in establishing local market office rents, vacancy rates, and expense ratios for commercial properties). | High     | Chief Assessor                  | 2013        | n/a                            |
| 25.    | The Department should implement a greater focus on record-keeping specifically related to the data utilized in developing key assumptions / data points that are utilized in the assesment process. Most specifically, this relates to the rates assigned by the assessor for the following: market rental rates, vacancy rates, and expense ratios.   | High     | Chief Assessor                  | Immediately | n/a                            |
| 26.    | Prior to finalization, this data should be reviewed by other assessing staff and/or by a contracted vendor to provide a review of the data and validation of the assumptions that were reached.  | High     | Chief Assessor                  | Ongoing     | n/a (existing funds available) |

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|--------|---|----------|---------------------------------|-------------|----------------------------|
| 27.    | The data sources utilized should be shared with the Board of Selectmen, and the public, during the presentation of preliminary valuation estimates (in the spring) and final valuations (in the fall). This will increase transparency in the process and may reduce perceptions regarding the validity of the process.                                       | High     | Chief Assessor                  | 2013        | n/a                        |
| 28.    | A summary document outlining major mass valuation changes that are made to residential properties, whether by entire neighborhoods or type of residential structure, should be developed and published to assist in educating resident why some valuations change annually in an amount that differs from other classes of residential properties.            | High     | Chief Assessor                  | 2013        | n/a                        |
| 24.    | Implement a management reporting process whereby goals and objectives of the Department are defined, measured and reported. This will ensure that stakeholders (taxpayers, Board of Assessors, Town Board, Town management, etc) are apprised of the important facets of the organization, as well as the Department's performance against stated objectives. | High     | Chief Assessor / Town Manager   | 2013 – 2014 | n/a                        |

The more detailed discussion and summary of the analysis that led to these specific recommendations are located within Appendix B (Best Management Practices Assessment) and Chapter 4 of the Report (Analysis of Staffing, Operations, and Customer Service) which provides more context and detail regarding the above recommendations.

## **APPENDIX B**

### **BEST MANAGEMENT PRACTICES ASSESSMENT**

In order to make the assessments of operational strengths and improvement opportunities, the project team developed a set of performance measures, called “best management practices” against which to evaluate current services, workloads and service levels in the Assessing Department. These service and performance measures comprise the main thrust of this report. The measures utilized have been derived from the project team's collective experience in working with hundreds of municipalities in throughout the country supplemented by standards and recommendations from relevant professional associations such as the International Association of Assessing Officers (IAAO) . The performance measures utilized represent the following:

- Statements of "effective practices" based on the study team's experience in evaluating operations in other municipalities. These measures are both qualitative and quantitative.
- Where they exist, statements reflecting "industry standards" were used to incorporate commonly utilized service delivery approaches in addition to targets developed by national research organizations.
- In both instances, these measures of efficiency and effectiveness were selected and adjusted to reflect the unique operating and service conditions in the Town of Framingham. Such factors as customer service expectation, unique community service standards, Town operational practices, etc.

The purpose of this efforts, then, was to develop an overall assessment of the assessing operation in the Town of Framingham. Based on this initial assessment, the project team collected additional data, resolved identified issues and

made staffing recommendations as well as recommendations for management and operational improvement, where necessary.

| Best Management Practice                                    | Current Strength   | Improvement Opportunity  | Recommended Action  |
|---|--|--|---|
| <b>1. Administration, Management and Organization</b>       |  |  |   |
| The Assessors Department formally plans and schedules work. | <p>There are certain State requirements that necessitate the completion of work by specific time deadlines, such as setting the tax rate, processing abatements and Appellate Tax Board.</p> <p>Work is generally scheduled and planned to ensure deadlines are met.</p> | The Department does not have any formal management systems in place to establish, document and monitor performance of the Department. Given that significant responsibilities must be completed based on State deadline requirements this is an issue for addressing with targeted performance measures. | More formal work planning methodologies should be put into place to document and monitor performance of individual staff members and the department as a whole. Key focus areas should be on timely completion of work activities, number of inspection completed, entry of data into the computer system, etc. |

| <b>Best Management Practice</b>   | <b>Current Strength</b>  | <b>Improvement Opportunity</b>  | <b>Recommended Action</b>   |
|---|--|---|---|
| The Assessors Department utilizes a performance based budgeting process.          |  | <p>The Town of Framingham does not utilize a performance based budgeting processes, therefore, the Assessors Department does not have ability to meet this target.</p> <p>There are opportunities to expand the performance monitoring of the Department, including the establishment of monthly performance plans for each of the programs and personnel in the Department and tracking the meeting of these goals (or not).</p> | The Town should consider utilization of performance based budgeting within the Assessing Department (and other Departments) that directly ties allocated resources to the defined work activities required to be performed. Within the Assessing Department, the quantity of work to be completed is easily defined and should be tied directly to both the number of staff and the amount of contracted services necessary to conduct this work. |
| The Assessors keep current with legislative changes that affect their Department. | The Chief Assessor attends annual seminars presented by the MAAO, as well as the Department of Revenue. Staff check DOR's website daily updates and notices. | The Assessor's Department does not have a formal process in place for disseminating changes in legislation to staff.  | A greater internal education process should be developed, such as monthly staff training by the Chief Assessor, to maintain staff skills and knowledge of the changing assessing environment.   |

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| Best Management Practice   | Current Strength  | Improvement Opportunity  | Recommended Action  |
|--|---|--|---|
| <p>Technical staff receive adequate training and are, when necessary, certified by the MAAO.</p> |   | <p>Requirements for staff positions in the Assessor's Department do not include technical training and skills needs.</p> <p>The Assessor's Department does not have a training program for employees and training received by technical staff is limited.</p>  | <p>The positions within the Assessor's Office should be reviewed as part of a formal reclassification process and enhanced.</p> <p>As previously noted a formal training program should be developed sufficient to ensure staff maintain required certifications and licenses. Town funding should be allocated for these training sessions.</p>                        |
| <p>Employees in the Department are cross-trained.</p>  | <p>Recently, one data collector has begun conducting commercial assessments to assist the Chief Assessor.</p> | <p>There is limited cross training in the Department. Data collectors assist with excise taxes as needed. This should be expanded to ensure all staff are able to contribute to processing major work activities given the cyclical nature of work in the Department. A plan for cross-training all staff should be developed that results in at least two fully trained individuals for each core process.</p> <p>Key functions related to utilization of the assessing software are conducted by only one individual. No other staff have been trained to date to provide backup, support, or internal control review.</p> | <p>The Department should implement a cross-training program to enhance staff skills and ensure that all positions have at least one back-up.</p> <p>The most critical area to be addresses is the commercial valuation process as only the Chief Assessor has any experience or ability in this area. There is no backup for this individual to share the workload.</p> |

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| <b>Best Management Practice</b>  | <b>Current Strength</b>   | <b>Improvement Opportunity</b>   | <b>Recommended Action</b>   |
|--|---|--|---|
| There is adequate separation of duties to ensure that proper oversight is provided to the Department.  | <p>Because the Board of Assessors is staffed with two non-Town personnel, there is a level of independence / oversight from this entity.</p> <p>The Board of Assessors operates as an independent board for purposes of determining whether or not to grant abatements.</p> | Some concerns regarding appropriate segregation of duties could exist by having Chief Assessor serving as a member of the Board of Assessors. In essence, this individual is making decisions on abatement requests that he had a hand in setting the initial valuation. | <p>While the current approach provides a potential perception of lack of objectivity and independence for the Board of Assessors, the approach utilized by the Town of Framingham is not unique in Massachusetts.</p> <p>Longer-term the Town should consider implementation of a Board of Assessors that is staffed entirely with external individuals with the Chief Assessor serving as staff liaison rather than a member of the Board.</p> |
| <b>2. Work Processes and Workload</b>  |   |  |   |
| The Assessors Department utilizes a geographic information system to document parcel size, information, location, as well as to make changes to parcels. |   | Limited GIS system utilization at present. Majority of work is conducted through state CAMA system with sketches and pictures (though not yet 100%) of properties included.  | As the Town develops GIS services within the organization, these should be integrated into the Assessing Department to enhance their ability to conduct more advanced analysis of property assessments in select geographical areas.  |

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| <b>Best Management Practice</b>  | <b>Current Strength</b>  | <b>Improvement Opportunity</b>  | <b>Recommended Action</b>   |
|--|--|---|---|
| All parcel splits and combinations noted on maps within one month of a deed's recordation.                                 | The Department attempts to process parcel splits and combinations within one month of deed recordation.  | As noted, the Department does not formally track and monitor performance and workload data.<br><br>At a minimum, a formal performance measurement system should be put in place.  | The Department should implement a performance standard for updating their records regarding changes in parcels within one month of a deed's recording. A quarterly report should be prepared showing the performance and level of compliance with the adopted standard.             |
| The Assessor's Department updates ownership and legal description information within 30 days of a transfer being recorded. | While this data is not documented, the Assessor's Department estimates that deeds are entered within thirty days after the next commitment period. Due to State regulations ownership changes cannot occur prior the next applicable commitment. | The Assessor's Department does not formally track and monitor data performance data. Interviews with staff and observance of processes indicate that while ownership data is entered and updated appropriately, formal processing times have not been determined.<br><br>The project team is still working with the department to evaluate available data to determine is processing times can be determined. | The Department should implement a performance standard for updating their records regarding changes in parcel ownership within one month of the commitment period. A quarterly report should be prepared showing the performance and level of compliance with the adopted standard. |



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| Best Management Practice   | Current Strength | Improvement Opportunity   | Recommended Action   |
|--|------------------|---|--|
| <p>Are staffing levels in the following ranges:</p> <ul style="list-style-type: none"> <li>• Jurisdictions with fewer than 10,000 parcels=1 appraiser/1,000-1,500 parcels</li> <li>• 10,000 to 20,000 parcels = 1 appraiser to 2,500-3,000 parcels</li> <li>• More than 20,000 parcels = 1 appraiser to 3,000-3,500 parcels</li> </ul> |                  | <p>The Town of Framingham has approximately 20,300 parcels. The Assessor's Department has four individuals that are principally assigned to conducting residential and commercial inspection functions. The ratio of these staff to parcels is 1 to 5,750.</p> <p>With the addition of one additional data collector, the ratio of staff to parcels will be 1 to 4,060.</p>   | <p>The present staffing allocated to the Assessing Department, including the two position added during the last budget, are sufficient for existing workloads.</p> |
| <p>The cyclical inspection program in the Town meets State requirements.</p>   |                  | <p>The Assessor's Department has historically been in compliance with State Requirements for conducting cyclical inspections once every nine years. With the change for cyclical inspections to once every six years, the Department will need to more carefully plan, schedule and monitor work performance in the future to ensure compliance.</p> <p>In CY 2012, the Assessor's Department conducted a total of 5,015 inspections. At this rate, they would be able to meet the six year cyclical inspection time period.</p> <p>Additional analysis of prior years inspections levels is being conducted.</p> | <p>As noted above, staffing is sufficient to meet the state's required once every six years for cyclical inspections.</p>  |

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| <b>Best Management Practice</b>   | <b>Current Strength</b>   | <b>Improvement Opportunity</b>   | <b>Recommended Action</b>   |
|---|---|--|---|
| Appeals as a percentage of real and personal property assessments are less than 0.50%?    | Approximately 0.35% of personal property assessments were subject to abatement requests during the most recent period.  | Taxpayers can file an abatement application with the Assessor's Department to contest the valuation of their real and / or personal property. In 2012, the Department received 1,122 abatement requests which represented 5.5% of all real property parcels. Additionally, there were 35 abatement applications for personal property, which represents 3.5% of the approximately 1,000 personal property accounts. Combined, overvalue applications account for 5.4% of total real and personal property assessments.         | The Department should continue to track the number of appeals, including total number files, number granted, and number denied to enable year over year and long-range trend comparisons. |
| There is a formal process in place to schedule, track, and document the cyclical program. | Inspectors are responsible for scheduling and documenting inspections of properties they have visited. Inspectors have created a list of inspections completed. | <p>The Department does not have a formal process for monitoring the cyclical inspection program. While the inspectors keep a log of their inspections, more in-depth information and data should be kept to assist in the management of the inspectional program (e.g., percent complete, backlog, number completed, scheduled, missed, etc.).</p> <p>Currently, workload among the inspectors related to total inspections conducted is uneven. Some inspectors are conducting significantly more inspections than peers.</p> | More formalized processes for assigned staff to cyclical inspections, and ensuring each inspector carries a relatively equal workload should be established.                              |

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| <b>Best Management Practice</b>  | <b>Current Strength</b>   | <b>Improvement Opportunity</b>   | <b>Recommended Action</b>  |
|--|---|--|--|
| The Assessor's Department conducts physical inspections of properties that have been issued a building permit. | The Assessor's Department conducts physical inspections of properties that have been issued building permits. New construction is inspected each year to ensure that new value is added to the tax rolls. For properties that are not complete, a percentage complete is entered and the property will be scheduled for final inspection the following year. For building permits, the inspectors try to complete all inspections prior to the last business day in June. | <p>Data is not provided electronically between the Building Department and the Assessor's Department resulting in extra work effort to enter this information into the assessor's software system.</p> <p>The Town should seek to electronically transfer this information to eliminate duplication of work effort, and increase data integrity.</p> | The Town should explore opportunities to share data electronically between the Building and Assessing Department in order to reduce duplicative workload and to increase data integrity. |

| <b>Best Management Practice</b>  | <b>Current Strength</b>   | <b>Improvement Opportunity</b>   | <b>Recommended Action</b>  |
|--|---|--|--|
| The Assessor's Department conducts inspections of properties, which have been issued a building permit within one month. | The Assessor's Department maintains a list of building permits received from the Building Department. This information is received monthly and entered. Building permits are typically inspected following completion of abatement inspections and during the late spring / early summer time period. | Building permits are typically inspected following completion of abatement inspections and during the late spring / early summer time period. Conducting these inspections during the entire year could eliminate the peak workload associated with this activity. | Consideration should be given to conducting all inspections related to completed building permits (i.e. – those issued a certificate of occupancy) throughout the entire year to reduce the large workload that must be conducted during the spring / summer. Under this alternative, only active permits (those with work still being conducted) would be held for assessment in spring/early summer which is appropriate to enable the Department to assess appropriate value based upon percent completion. |

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|---|--|--|---|
| Inspectors have appropriate technology (e.g., digital camera, hand held computers). | Inspectors have been provided digital cameras. | <p>There are opportunities to enhance the equipment and resources provided to field inspectors, such as laptops / handheld computers, cell phones, etc., which would improve the efficiency of field operations.</p> <p>Data collectors utilize personal vehicles to conduct field activities. This prevents appropriate marking and recognition as a Town official.</p> | <p>The Town should develop a plan to implement field lap tops for the data collectors. This will increase productivity as all entry can take place in the field (it will not be necessary to return to office to enter data) and data collectors will have greater access to other information in the field (maps, building permit information, other assessing records, etc.).</p> |

| Best Management Practice  | Current Strength              | Improvement Opportunity       | Recommended Action |            |         |          |            |        |         |            |        |         |  |   |                    |                    |         |    |         |       |        |     |         |       |         |    |                  |     |              |              |   |
|---|-------------------------------|-------------------------------|--------------------|------------|---------|----------|------------|--------|---------|------------|--------|---------|--|---|--------------------|--------------------|---------|----|---------|-------|--------|-----|---------|-------|---------|----|------------------|-----|--------------|--------------|---|
| <p>Property inspections production rates are meet established benchmarks:</p> <table><tr><th>Property Type</th><th>Appraisal of New Construction</th><th>Field Canvass</th></tr><tr><td>Sngl. Fam.</td><td>8 to 10</td><td>16 to 20</td></tr><tr><td>Apartments</td><td>2 to 4</td><td>5 to 10</td></tr><tr><td>Commercial</td><td>2 to 4</td><td>5 to 10</td></tr></table> | Property Type                 | Appraisal of New Construction | Field Canvass      | Sngl. Fam. | 8 to 10 | 16 to 20 | Apartments | 2 to 4 | 5 to 10 | Commercial | 2 to 4 | 5 to 10 |  | <p>The following table provides the number of inspections completed by inspector in 2011.</p> <table><tr><th>Property Inspector</th><th>No. of Inspections</th></tr><tr><td>1 (DAD)</td><td>49</td></tr><tr><td>2 (JSA)</td><td>1,028</td></tr><tr><td>3 (KS)</td><td>314</td></tr><tr><td>4 (VAL)</td><td>2,947</td></tr><tr><td>5 (WJE)</td><td>29</td></tr><tr><td>Other Inspectors</td><td>648</td></tr><tr><td><b>Total</b></td><td><b>5,015</b></td></tr></table> | Property Inspector | No. of Inspections | 1 (DAD) | 49 | 2 (JSA) | 1,028 | 3 (KS) | 314 | 4 (VAL) | 2,947 | 5 (WJE) | 29 | Other Inspectors | 648 | <b>Total</b> | <b>5,015</b> | <p>A standard annual inspection level should be established for data collectors to provide a more even workload.</p> <p>Refresher training on the assessing software should be provided to enhance the integrity of data entered into the system so that more reliable reports and analysis can be conducted regarding individual workloads. Presently, some data collectors are not entering in data consistently (such as initials for individual conducting inspection, reason for inspection, etc.) Inconsistency in the data entered makes conducting evaluations difficult.</p> |
| Property Type   | Appraisal of New Construction | Field Canvass                 |                    |            |         |          |            |        |         |            |        |         |  |   |                    |                    |         |    |         |       |        |     |         |       |         |    |                  |     |              |              |   |
| Sngl. Fam.  | 8 to 10                       | 16 to 20                      |                    |            |         |          |            |        |         |            |        |         |  |   |                    |                    |         |    |         |       |        |     |         |       |         |    |                  |     |              |              |   |
| Apartments  | 2 to 4                        | 5 to 10                       |                    |            |         |          |            |        |         |            |        |         |  |   |                    |                    |         |    |         |       |        |     |         |       |         |    |                  |     |              |              |   |
| Commercial  | 2 to 4                        | 5 to 10                       |                    |            |         |          |            |        |         |            |        |         |  |   |                    |                    |         |    |         |       |        |     |         |       |         |    |                  |     |              |              |   |
| Property Inspector  | No. of Inspections            |                               |                    |            |         |          |            |        |         |            |        |         |  |   |                    |                    |         |    |         |       |        |     |         |       |         |    |                  |     |              |              |   |
| 1 (DAD)   | 49                            |                               |                    |            |         |          |            |        |         |            |        |         |  |   |                    |                    |         |    |         |       |        |     |         |       |         |    |                  |     |              |              |   |
| 2 (JSA)   | 1,028                         |                               |                    |            |         |          |            |        |         |            |        |         |  |   |                    |                    |         |    |         |       |        |     |         |       |         |    |                  |     |              |              |   |
| 3 (KS)  | 314                           |                               |                    |            |         |          |            |        |         |            |        |         |  |   |                    |                    |         |    |         |       |        |     |         |       |         |    |                  |     |              |              |   |
| 4 (VAL)   | 2,947                         |                               |                    |            |         |          |            |        |         |            |        |         |  |   |                    |                    |         |    |         |       |        |     |         |       |         |    |                  |     |              |              |   |
| 5 (WJE)   | 29                            |                               |                    |            |         |          |            |        |         |            |        |         |  |   |                    |                    |         |    |         |       |        |     |         |       |         |    |                  |     |              |              |   |
| Other Inspectors  | 648                           |                               |                    |            |         |          |            |        |         |            |        |         |  |   |                    |                    |         |    |         |       |        |     |         |       |         |    |                  |     |              |              |   |
| <b>Total</b>  | <b>5,015</b>                  |                               |                    |            |         |          |            |        |         |            |        |         |  |   |                    |                    |         |    |         |       |        |     |         |       |         |    |                  |     |              |              |   |

**TOWN OF FRAMINGHAM, MASSACHUSETTS**  
**Technical Appendices - Operational Review of the Assessing Department**

| <b>Best Management Practice</b>   | <b>Current Strength</b>  | <b>Improvement Opportunity</b> | <b>Recommended Action</b>   |
|---|--|--------------------------------|---|
| The Assessor's Department has a program to routinely collect income data for apartment buildings, retail stores, office buildings and other commonly leased or rented properties. | The Chief Assessor has a procedure in place to collect and track income and expense reports for relevant businesses.   |                                | Greater public education regarding the need to return completed income and expense statements should be conducted. Additionally, the Town should implement the penalties provided under State Law for non-compliance. |
| The Assessor's Department reviews, confirms and maintains sales data.   | <p>The Assessor's Department has a program in place to monitoring sales and to validate residential sales in the Town.</p> <p>All sales are verified by staff to ensure appropriateness for use as an "arms length" transaction.</p> |                                |   |
| The Assessor's Department utilizes three approaches to value in appraising commercial properties: (1) income approach, (2) sales comparison approach and (3) cost approach.       | The Department utilizes all three approaches, as appropriate, to reach final valuation determinations.   |                                |   |

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| <b>Best Management Practice</b>   | <b>Current Strength</b>   | <b>Improvement Opportunity</b>  | <b>Recommended Action</b>  |
|---|---|---|--|
| The Assessor's Department employs several methods to discover taxable personal property, such as business certificates, sales tax permits, telephone directories, chamber of commerce directories, etc. | The Assessor's Department receives business certificates to identify taxable personal property, as well field inspections to verify personal property listed. | There are opportunities to more proactively identify taxable personal property.                                     | The Town should utilize a portion of the contractual services funding provided, to assist in enhancing the personal property taxation effort. Additionally, one staff member should be assigned part-time to assist the Administrative Assessor with these duties. |
| <b>3. Information Technology</b>  |   |   |  |
| The Assessor's Department uses a Geographic Information System (GIS).   |   | The utilization and integration with GIS would provide a more technologically advanced approach for the department. | As the Town's GIS capabilities develop, the Assessor should develop a plan to implement within the Assessing Department to provide more advanced analytical features to the staff.   |



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| <b>Best Management Practice</b>  | <b>Current Strength</b>  | <b>Improvement Opportunity</b>   | <b>Recommended Action</b>  |
|--|--|--|--|
| The Assessors Department maintains data security and integrity, including an audit trail of changes in records that affect assessment. | Changes made in their automated information systems, provide an audit trail.   | Staff knowledge of the assessing system is somewhat limited and additional training is needed to ensure consistent use and data integrity. Additionally, many key functions are performed outside of the system, through excel / access, due to system limitation or complexity. This increases opportunities for data issues to arise.  | A training program should be developed by the Chief Assessor for all staff to improve their understanding of the Assessing Software. If needed, this training effort should be contracted out to ensure that it is conducted timely and in a quality manner. It is estimated that costs for this trainign would not exceed \$10,000. |
| The Department has a fully functional software program in place to handle assessing records, and conduct valuation activities.         | The Department utilizes the State software system and it provides basic functionality needed. It is an extremely cost-effective approach to automation of the assessing data but it does not fully meet needs of the department. | As noted above, many features of the system do not meet the needs of the assessing department and they utilize external spreadsheets and databases to track, analyze, and process data. This creates additional opportunities for data errors or inconsistencies.<br><br>The system, while a state "standard", is not utilized by the majority of communities in the state. The lack of staff training in the system has also impacted their ability to utilize the system fully and consistently. | Longer-term, the Town should consider the implementation of a new assessing software package and develop a plan for acquisition. Given costs associated with acquisition and transition, the Town should target implementation four to five years in the future to enable funds to be set aside to cover this cost.                  |

While there are many strengths in the existing Assessing Department operation, there are also areas where improvements can be made to improve the overall functioning of the Department. These improvements should be

addressed over a multi-year period and doing so will improve transparency of operations, increase staff efficiency and effectiveness, build additional skills sets needed within the Department, and generally increase the perception of fairness and consistency in application of assessing principles.

## APPENDIX C – COMMERCIAL VALUATION SAMPLING DATA

The following table summarizes the difference in a random sample of commercial properties for the key data elements that contribute to the commercial valuation process. This sampling analysis demonstrates that the key variables impacting the commercial valuations between these two years is the general decline in market rental rates. The decline would have been greater had the CAP Rate not decreased.

### Commercial Valuation Sampling Data Difference Between 2011 and 2012 Values

| USE-DESCRIPTION  | Square Footage | PCT RENT | Market Rent | Vacancy Loss % | EFFECTIVE GROSS INCOME | EXP PCT | NET INCOME | CAP RATE | CAP INCOME | PARCEL                |
|------------------|----------------|----------|-------------|----------------|------------------------|---------|------------|----------|------------|-----------------------|
| 350-COM-GRGE-SVC | 0              | 0        | \$(0.75)    | 0              | \$(3,339)              | 0       | \$(2,838)  | -0.2     | \$(18,886) | 100/092.0-0193-0001.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-        | 100/135.0-0283-0001.0 |
| 100-APARTMENTS   | 0              | 0        | \$(600.00)  | 0              | \$(1,080)              | 0       | \$(810)    | 0        | \$(8,437)  | 100/135.0-0283-0001.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-        | 100/140.0-0291-0067.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-        | 100/140.0-0291-0067.0 |
| 560-DAY-CARE-CTR | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-        | 100/607.0-0001-0417.0 |
| 560-DAY-CARE-CTR | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-        | 100/607.0-0001-0417.0 |
| 401-OFFICE-BSMT  | 0              | 0        | \$(7.00)    | 0              | \$(11,088)             | 0       | \$(7,208)  | -0.2     | \$(56,904) | 100/205.0-0009-0016.D |
| 410-MEDICAL-OFC  | 0              | 0        | \$1.50      | 0              | \$3,200                | 0       | \$2,080    | -0.2     | \$20,074   | 100/205.0-0009-0016.D |
| 410-MEDICAL-OFC  | 0              | 0        | \$1.50      | 0              | \$3,200                | 0       | \$2,080    | -0.2     | \$20,074   | 100/205.0-0009-0016.D |
| 410-MEDICAL-OFC  | 0              | 0        | \$(3.00)    | 0              | \$(2,756)              | 0       | \$(2,067)  | -0.2     | \$(15,212) | 100/040.0-0076-0007.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | -0.2     | \$1,884    | 100/040.0-0076-0007.0 |
| 200-RESTAURANT   | 0              | 0        | \$(2.00)    | 0              | \$(9,842)              | 0       | \$(8,366)  | -0.2     | \$(55,302) | 100/463.0-0009-0028.B |
| 220-RETAIL-STORE | 0              | 0        | \$(0.50)    | 0              | \$(4,187)              | 0       | \$(3,559)  | -0.2     | \$(21,174) | 100/005.0-0009-0003.0 |
| 220-RETAIL-STORE | 0              | 0        | \$(0.50)    | 0              | \$(4,059)              | 0       | \$(3,451)  | -0.2     | \$(20,531) | 100/005.0-0009-0003.0 |

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| USE-DESCRIPTION  | Square Footage | PCT RENT | Market Rent  | Vacancy Loss % | EFFECTIVE GROSS INCOME | EXP PCT | NET INCOME  | CAP RATE | CAP INCOME    | PARCEL                |
|------------------|----------------|----------|--------------|----------------|------------------------|---------|-------------|----------|---------------|-----------------------|
| 480-BANK         | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-         | -0.2     | \$8,069       | 100/225.0-0047-0008.A |
| 400-OFFICE       | 0              | 0        | \$(2.00)     | 0              | \$(1,690)              | 0       | \$(1,437)   | -0.2     | \$(9,880)     | 100/225.0-0047-0008.A |
| 320-STORAGE-WHSE | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-         | -0.2     | \$1,744       | 100/011.0-0022-0007.0 |
| 630-FRATRNL-BLDG | 0              | 0        | \$(0.50)     | 0              | \$(1,047)              | 0       | \$(942)     | -0.2     | \$(5,853)     | 100/011.0-0022-0007.0 |
| 100-APARTMENTS   | 0              | 0        | \$(1,200.00) | 0              | \$(2,160)              | 0       | \$(1,620)   | 0        | \$(16,875)    | 100/130.0-0271-0015.0 |
| 100-APARTMENTS   | 0              | 0        | \$(600.00)   | 0              | \$(1,080)              | 0       | \$(810)     | 0        | \$(8,437)     | 100/130.0-0271-0015.0 |
| 220-RETAIL-STORE | 0              | 0        | \$(4.00)     | 0              | \$(18,498)             | 0       | \$(15,723)  | -0.2     | \$(117,444)   | 100/353.0-0085-0003.0 |
| 100-APARTMENTS   | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-         | -0.2     | \$1,675       | 100/353.0-0085-0003.0 |
| 100-APARTMENTS   | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-         | -0.2     | \$2,513       | 100/353.0-0085-0003.0 |
| 410-MEDICAL-OFC  | 0              | 0        | \$(2.50)     | 0              | \$(6,265)              | 0       | \$(4,699)   | -0.2     | \$(32,925)    | 100/039.0-0075-0006.A |
| 400-OFFICE       | 0              | 0        | \$(0.50)     | 0              | \$(646)                | 0       | \$(484)     | -0.2     | \$(1,726)     | 100/353.0-0085-0006.0 |
| 400-OFFICE       | 0              | 0        | \$(0.50)     | 0              | \$(609)                | 0       | \$(456)     | -0.2     | \$(1,626)     | 100/353.0-0085-0006.0 |
| 400-OFFICE       | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-         | -0.2     | \$1,671       | 100/353.0-0085-0006.0 |
| 400-OFFICE       | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-         | -0.2     | \$220         | 100/353.0-0085-0006.0 |
| 305-INDUST-MFCTR | 0              | 0        | \$-          | 0              | \$-                    | 5       | \$(11,616)  | -0.2     | \$(69,106)    | 100/460.0-0008-0001.0 |
| 320-STORAGE-WHSE | 0              | 0        | \$-          | 0              | \$-                    | 5       | \$(25,293)  | -0.2     | \$(150,472)   | 100/460.0-0008-0001.0 |
| 400-OFFICE       | 0              | 0        | \$-          | 0              | \$-                    | 5       | \$(5,421)   | -0.2     | \$(32,251)    | 100/460.0-0008-0001.0 |
| 320-STORAGE-WHSE | 0              | 0        | \$-          | 0              | \$-                    | 5       | \$(1,394)   | -0.2     | \$(8,294)     | 100/460.0-0008-0001.0 |
| 320-STORAGE-WHSE | 0              | 0        | \$-          | 0              | \$-                    | 5       | \$(605)     | -0.2     | \$(3,600)     | 100/460.0-0008-0001.0 |
| 400-OFFICE       | 0              | 0        | \$(0.50)     | 0              | \$(1,149)              | 0       | \$(977)     | -0.2     | \$(4,263)     | 100/032.0-0088-0016.F |
| 400-OFFICE       | 0              | 0        | \$(0.50)     | 0              | \$(802)                | 0       | \$(682)     | -0.2     | \$(2,974)     | 100/032.0-0088-0016.F |
| 400-OFFICE       | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-         | -0.2     | \$1,076       | 100/032.0-0088-0016.F |
| 401-OFFICE-BSMT  | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-         | -0.2     | \$3,616       | 100/032.0-0088-0016.F |
| 400-OFFICE       | 0              | 0        | \$(0.50)     | 0              | \$(83)                 | 0       | \$(70)      | -0.2     | \$(302)       | 100/032.0-0088-0016.F |
| 100-APARTMENTS   | 0              | 0        | \$(1,200.00) | 0              | \$(4,320)              | 0       | \$(3,240)   | 0        | \$(33,750)    | 100/255.0-0113-0002.0 |
| 320-STORAGE-WHSE | 0              | 0        | \$(1.25)     | 0              | \$(376,105)            | 5       | \$(278,318) | -0.2     | \$(2,190,799) | 100/279.0-0156-0008.0 |
| 216-STOR-MEZ-OFF | 0              | 0        | \$-          | 0              | \$-                    | 5       | \$(1,560)   | -0.2     | \$(9,693)     | 100/279.0-0156-0008.0 |

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|------------------|----------------|----------|-------------|----------------|------------------------|---------|------------|----------|-------------|-----------------------|
| 400-OFFICE       | 0              | 0        | \$0.50      | 0              | \$6,448                | 5       | \$322      | -0.2     | \$13,508    | 100/105.0-0215-0008.0 |
| 400-OFFICE       | 0              | 0        | \$0.50      | 0              | \$6,580                | 5       | \$329      | -0.2     | \$13,788    | 100/105.0-0215-0008.0 |
| 400-OFFICE       | 0              | 0        | \$0.50      | 0              | \$1,153                | 5       | \$58       | -0.2     | \$2,419     | 100/105.0-0215-0008.0 |
| 320-STORAGE-WHSE | 0              | 0        | \$(0.50)    | 0              | \$(16,296)             | 5       | \$(24,444) | -0.2     | \$(174,723) | 100/105.0-0215-0008.0 |
| 220-RETAIL-STORE | 0              | 0        | \$(1.50)    | 0              | \$(5,122)              | 0       | \$(4,354)  | -0.2     | \$(27,439)  | 100/087.0-0140-0005.0 |
| 220-RETAIL-STORE | 0              | 0        | \$(1.50)    | 0              | \$(1,056)              | 0       | \$(898)    | -0.2     | \$(5,660)   | 100/087.0-0140-0005.0 |
| 320-STORAGE-WHSE | 0              | 0        | \$(1.50)    | 0              | \$(1,056)              | 0       | \$(898)    | -0.2     | \$(5,660)   | 100/087.0-0140-0005.0 |
| 205-FAST-FOOD-RS | 0              | 0        | \$(1.00)    | 0              | \$(1,133)              | 0       | \$(963)    | -0.2     | \$(5,729)   | 100/250.0-0101-0006.0 |
| 100-APARTMENTS   | 0              | 0        | \$600.00    | 0              | \$1,056                | 0       | \$792      | -0.2     | \$8,481     | 100/250.0-0101-0006.0 |
| 100-APARTMENTS   | 0              | 0        | \$200.00    | 0              | \$900                  | 0       | \$675      | 0        | \$7,031     | 100/150.0-0050-0009.0 |
| 410-MEDICAL-OFC  | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | -0.2     | \$3,505     | 100/032.0-0088-0016.G |
| 400-OFFICE       | 0              | 0        | \$(2.50)    | 0              | \$(4,679)              | 0       | \$(3,509)  | -0.2     | \$(25,700)  | 100/032.0-0088-0016.G |
| 220-RETAIL-STORE | 0              | 0        | \$(0.50)    | 0              | \$(6,558)              | 0       | \$(5,574)  | -0.2     | \$(24,317)  | 100/053.0-0105-0002.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/118.0-0238-0004.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/071.0-0146-0008.0 |
| 362-AUTOMTV-CNTR | 0              | 0        | \$(4.50)    | 0              | \$(8,242)              | 0       | \$(7,006)  | -0.2     | \$(50,327)  | 100/304.0-0212-0008.0 |
| 400-OFFICE       | 0              | 0        | \$0.50      | 0              | \$21,408               | 5       | \$(3,211)  | -0.2     | \$19,389    | 100/083.0-0161-0001.0 |
| 400-OFFICE       | 0              | 0        | \$0.50      | 0              | \$6,059                | 5       | \$(908)    | -0.2     | \$5,493     | 100/083.0-0161-0001.0 |
| 400-OFFICE       | 890            | 0        | \$(4.00)    | 0              | \$7,395                | 0       | \$5,546    | -0.2     | \$47,052    | 100/042.0-0083-0001.0 |
| 402-OFC-BSMT-STG | -62            | 0        | \$(14.00)   | 0              | \$(12,711)             | 0       | \$(9,534)  | -0.2     | \$(76,555)  | 100/042.0-0083-0001.0 |
| 400-OFFICE       | 0              | 0        | \$(2.00)    | 0              | \$(2,075)              | 0       | \$(1,556)  | -0.2     | \$(11,108)  | 100/042.0-0083-0001.0 |
| 400-OFFICE       | -47            | 0        | \$(4.00)    | 0              | \$(4,729)              | 0       | \$(3,546)  | -0.2     | \$(27,214)  | 100/042.0-0083-0001.0 |
| 0                | -319           | -100     | \$(18.00)   | -12            | \$(5,053)              | -25     | \$(3,790)  | -12.4    | \$(30,565)  | 0                     |
| 0                | -584           | -100     | \$(18.00)   | -12            | \$(9,251)              | -25     | \$(6,938)  | -12.4    | \$(55,952)  | 0                     |
| 400-OFFICE       | 0              | 0        | \$(4.00)    | 0              | \$(14,168)             | 0       | \$(12,043) | -0.2     | \$(87,569)  | 100/405.0-0001-0002.0 |
| 400-OFFICE       | 0              | 0        | \$(4.00)    | 0              | \$(14,168)             | 0       | \$(12,043) | -0.2     | \$(87,569)  | 100/405.0-0001-0002.0 |
| 0                | -1269          | -100     | \$(20.00)   | -12            | \$(22,334)             | -15     | \$(18,984) | -12.4    | \$(153,097) | 0                     |

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|------------------|----------------|----------|-------------|----------------|------------------------|---------|------------|----------|-------------|-----------------------|
| 0                | -1             | -100     |             | -12            | \$(11,088)             | -25     | \$(8,316)  | -12.4    | \$(67,065)  | 0                     |
| 0                | -1             | -100     |             | -12            | \$(11,088)             | -25     | \$(8,316)  | -12.4    | \$(67,065)  | 0                     |
| 220-RETAIL-STORE | 0              | 0        | \$-         | 0              | \$-                    | 5       | \$(37,454) | -0.2     | \$(222,822) | 100/380.0-0001-0026.C |
| 220-RETAIL-STORE | 0              | 0        | \$(2.00)    | 0              | \$(17,374)             | 5       | \$(21,718) | -0.2     | \$(160,444) | 100/380.0-0001-0026.C |
| 216-STOR-MEZ-OFF | 0              | 0        | \$-         | 0              | \$-                    | 5       | \$(6,445)  | -0.2     | \$(38,341)  | 100/380.0-0001-0026.C |
| 205-FAST-FOOD-RS | 0              | 0        | \$-         | 0              | \$-                    | 5       | \$(2,323)  | -0.2     | \$(14,434)  | 100/380.0-0001-0026.C |
| 480-BANK         | 0              | 0        | \$(1.00)    | 0              | \$(2,112)              | 5       | \$(4,540)  | -0.2     | \$(30,805)  | 100/380.0-0001-0026.C |
| 400-OFFICE       | 0              | 0        | \$-         | 0              | \$-                    | 5       | \$(147)    | -0.2     | \$(873)     | 100/380.0-0001-0026.C |
| 440-VETER-MEDICL | 0              | 0        | \$(2.00)    | 0              | \$(2,792)              | 0       | \$(2,373)  | -0.2     | \$(16,314)  | 100/044.0-0085-0009.0 |
| 440-VETER-MEDICL | 0              | 0        | \$0.50      | 0              | \$475                  | 0       | \$404      | -0.2     | \$5,181     | 100/044.0-0085-0009.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | -0.2     | \$890       | 100/044.0-0085-0009.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/016.0-0032-0009.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/016.0-0032-0009.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/016.0-0032-0009.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/096.0-0201-0002.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/096.0-0201-0002.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/096.0-0201-0002.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/096.0-0201-0002.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/096.0-0201-0002.0 |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/076.0-0152-0005.0 |
| 220-RETAIL-STORE | 0              | 0        | \$-         | 0              | \$-                    | 5       | \$(20,436) | -0.2     | \$(121,580) | 100/345.0-0109-0022.E |
| 220-RETAIL-STORE | 0              | 0        | \$-         | 0              | \$-                    | 5       | \$(14,099) | -0.2     | \$(83,878)  | 100/345.0-0109-0022.E |
| 220-RETAIL-STORE | 0              | 0        | \$-         | 0              | \$-                    | 5       | \$(5,104)  | -0.2     | \$(30,364)  | 100/345.0-0109-0022.E |
| 100-APARTMENTS   | 0              | 0        | \$-         | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/083.0-0162-0002.B |
| 360-AUTO-SHWROOM | 0              | 0        | \$-         | 0              | \$-                    | 5       | \$(3,752)  | -0.2     | \$(22,323)  | 100/175.0-0001-0001.0 |
| 362-AUTOMTV-CNTR | 0              | 0        | \$-         | 0              | \$-                    | 5       | \$(8,664)  | -0.2     | \$(51,544)  | 100/175.0-0001-0001.0 |
| 400-OFFICE       | 0              | 0        | \$-         | 0              | \$-                    | 5       | \$(7,251)  | -0.2     | \$(43,138)  | 100/175.0-0001-0001.0 |
| 320-STORAGE-WHSE | 0              | 0        | \$-         | 0              | \$-                    | 5       | \$(809)    | -0.2     | \$(4,813)   | 100/175.0-0001-0001.0 |

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| USE-DESCRIPTION  | Square Footage | PCT RENT | Market Rent  | Vacancy Loss % | EFFECTIVE GROSS INCOME | EXP PCT | NET INCOME | CAP RATE | CAP INCOME  | PARCEL                |
|------------------|----------------|----------|--------------|----------------|------------------------|---------|------------|----------|-------------|-----------------------|
| 366-GRG-BSM-PARK | 0              | 0        | \$-          | 0              | \$-                    | 5       | \$(12,586) | -0.2     | \$(74,875)  | 100/175.0-0001-0001.0 |
| 220-RETAIL-STORE | 0              | 0        | \$(1.50)     | 0              | \$(3,024)              | 0       | \$(2,570)  | -0.2     | \$(18,460)  | 100/126.0-0263-0045.A |
| 100-APARTMENTS   | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-        | -0.2     | \$942       | 100/126.0-0263-0045.A |
| 140-HOTEL        | 0              | 0        | \$(9,490.00) | -18            | \$(50,188)             | 0       | \$(22,584) | 0.3      | \$(509,106) | 100/457.0-0005-0015.A |
| 350-COM-GRGE-SVC | 0              | 0        | \$(1.00)     | 0              | \$(5,597)              | 0       | \$(4,757)  | -0.2     | \$(34,589)  | 100/110.0-0224-0005.0 |
| 400-OFFICE       | 0              | 0        | \$(0.50)     | 0              | \$(370)                | 0       | \$(314)    | -0.2     | \$(1,951)   | 100/110.0-0224-0005.0 |
| 350-COM-GRGE-SVC | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-        | -0.2     | \$3,981     | 100/110.0-0224-0005.0 |
| 400-OFFICE       | 0              | 0        | \$(0.50)     | 0              | \$(198)                | 0       | \$(169)    | -0.2     | \$(1,052)   | 100/110.0-0224-0005.0 |
| 400-OFFICE       | 0              | 0        | \$-          | 0              | \$-                    | 5       | \$(1,412)  | -0.2     | \$(8,400)   | 100/460.0-0008-0021.0 |
| 320-STORAGE-WHSE | 0              | 0        | \$-          | 0              | \$-                    | 5       | \$(14,300) | -0.2     | \$(85,074)  | 100/460.0-0008-0021.0 |
| 302-IND-R/E-MEZZ | 0              | 0        | \$-          | 0              | \$-                    | 5       | \$(251)    | -0.2     | \$(1,495)   | 100/460.0-0008-0021.0 |
| 100-APARTMENTS   | 0              | 0        | \$1,200.00   | 0              | \$8,640                | 0       | \$6,480    | 0        | \$67,500    | 100/290.0-0181-0028.0 |
| 100-APARTMENTS   | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/112.0-0225-0003.0 |
| 100-APARTMENTS   | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/112.0-0225-0003.0 |
| 100-APARTMENTS   | 0              | 0        | \$(600.00)   | 0              | \$(1,080)              | 0       | \$(810)    | 0        | \$(8,437)   | 100/014.0-0028-0024.0 |
| 100-APARTMENTS   | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-        | 0        | \$-         | 100/014.0-0028-0024.0 |
| 220-RETAIL-STORE | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-        | -0.2     | \$1,358     | 100/110.0-0224-0005.A |
| 400-OFFICE       | 0              | 0        | \$(2.00)     | 0              | \$(1,510)              | 0       | \$(1,283)  | -0.2     | \$(8,650)   | 100/021.0-0041-0014.0 |
| 400-OFFICE       | 0              | 0        | \$(2.00)     | 0              | \$(1,510)              | 0       | \$(1,283)  | -0.2     | \$(8,650)   | 100/021.0-0041-0014.0 |
| 400-OFFICE       | 0              | 0        | \$(1.00)     | 0              | \$(378)                | 0       | \$(321)    | -0.2     | \$(1,740)   | 100/021.0-0041-0014.0 |
| 350-COM-GRGE-SVC | 0              | 0        | \$-          | 0              | \$-                    | 0       | \$-        | -0.2     | \$7,832     | 100/223.0-0045-0003.0 |

## **APPENDIX D**

### **COMPARISON OF COMMERCIAL ASSESSMENT PROCESS AGAINST IAAO RECOMMENDED PRACTICES**

The valuation of commercial property, while an important component of revenue for any community, is an even more important component of the assessment practice (and revenue generation) in Framingham, due to the split tax rate. The split tax rate (where commercial is taxed at a higher rate than residential – as is in place in Framingham) effectively shifts a component of the revenue generation from the residential sector to the commercial sector of the community.

The IAAO (International Association of Assessing Officials) notes that “valuation of such properties is difficult because data are often sparse and their market area may be far wider than the boundaries of the jurisdiction”. It further notes that “successful appraisal of business properties requires skilled analysis, use of multiple approaches and techniques, and good judgment”.

Best practices indicate that three approaches to commercial valuation should be utilized. These include the following approaches: (1) cost, (2) sales comparison, and (3) income approaches. These approaches are summarized as follows:

- **Cost:** Relatively easy to apply to all properties and is comprised of two estimates – the land value and improvement value (most often based upon replacement cost adjusted for depreciation);



- **Sales Comparison:** Includes both direct market and comparable sales techniques, but is often difficult to utilize due to the limited number of commercial and industrial sales (and the fact that sales often include purchase of non-taxable items – inventory, business methods, intellectual property, and may involve multiple properties not all of which are located within a single municipal jurisdiction);
- **Income:** Best suited for estimating the value of investment properties, which are operated for income-producing potential. Typically, more data available on which to base sales and income data necessary to assess various property types.

While best practices indicate that all three approaches should be utilized (to increase reliability of estimated values), it is not uncommon for one approach to be utilized as the primary method of valuation due to resource and/or data constraints. In this case, the other approaches should be used to determine “reasonableness”. All of these can be effectively utilized to estimate the fair market value of business properties dependent upon the availability of sufficient data.

The IAAO recommends many practices specific to the valuation of commercial properties to meet best practices. These have been summarized in the following table with a short notation regarding the Town of Framingham’s compliance with the recommended practice.

| <b>Recommended Practice</b>  | <b>Framingham Practice</b>   |
|--|--|
| Use of three approaches to valuation for commercial and industrial properties (income approach, sales comparison approach, and cost approach). | Framingham utilizes all three methods with primary reliance on the income valuation approach. Other approaches are utilized to assess for reasonableness. The income approach is the accepted method of commercial valuation at the Appellate Tax Board. |

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| Recommended Practice  | Framingham Practice  |
|---|--|
| <p>The assessment office has defined separate market areas or neighborhood for business properties. One approach outlined by IAAO would follow the following:</p> <ul style="list-style-type: none"> <li>- Below Average (excess supply, limited demand, low or declining rents, high vacancies)</li> <li>- Average (supply and demand in balance, typical rent rates and vacancy)</li> <li>- Good (relatively high or increasing rents, low or declining vacancy rates)</li> <li>- Prime (best streets – limited supply, highest rents, low vacancy).</li> </ul> | <p>The Town utilizes multiple market areas for commercial and industrial properties to account for varying market forces.</p> <p>The Town utilizing varying market rates and vacancy rates dependent upon the market area / neighborhood where properties are located.</p>   |
| <p>Does the assessment office make a comprehensive effort to collect local income and expense data.</p>   | <p>The Town utilizes a comprehensive survey methodology to collect income and expense data that is utilizes as one component of determining rental rates for inclusion in the assessment process. Some efforts to expand the collection rate, and increase enforcement for non-compliance may increase the return.</p>   |
| <p>Does the assessment office use commercial publications to help in the development of rental rates, vacancy ratios, expenses and expense ratios, and capitalization rates?</p>  | <p>Yes, the Town utilizes a variety of publication sources, including COSTAR Korpacz Real Estate Investor Study (REIS), Price Waterhouse Coopers publications, commercial publications, surveying commercial brokers, etc. to gather appropriate market rental rates, rental rates, expenses / expense ratios and capitalization rates. The Town utilizes local regional data for the best fit to the market.</p>  |
| <p>When using the income approach, does the assessing office maintain automated income data to analyze reported sales, revenue, and expense data?</p>   | <p>Yes, the Town develops automated data to enable these evaluations. The approach used in Framingham, is consistent with those recommended by the IAAO in ensuring that the income approach reflects typical management (of the property type – rather than actual management approach), and current local market conditions (i.e. – typical market rents, vacancy ratios, expense ratios, capitalization rates, etc.). Reported data is analyzed for reasonableness and / or typical figures should be used.</p> |

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| <b>Recommended Practice</b>  | <b>Framingham Practice</b>  |
|--|---|
| Is available sales data utilized in all approaches for market calibration. Sales data should be used in each method as listed below: <ul style="list-style-type: none"> <li>- Derive capitalization rates and income multipliers;</li> <li>- Calibrate depreciation schedules; and</li> <li>- Develop benchmark per-unit values or build market models.</li> </ul> | The Town utilizes available sales data, that is deemed reliable, for market calibration and verification of other estimates utilizes.   |
| In the cost approach, are base rates and cost factors developed from local cost data or adjusted to the local market?  | Yes, the Assessor utilizes both local costs and standard construction cost data when determining cost valuations.   |
| Are observed physical condition, economic obsolescence, and functional obsolescence considered in estimating depreciation.   |   |
| Are automated value estimates reviewed and reconciled by senior appraisers?  | All values are determined by the Chief Assessor and reviewed prior to utilization. As previously noted elsewhere in the report, there are issues regarding the lack of cross-training that prevents a segregation of duties in this area providing one area of potential vulnerability. |
| Does the assessment office employ software tools in analyzing commercial properties? These may include CAMA income module, spreadsheets, statistical software, and GIS.  | The assessing department primarily utilizes the existing CAMA data and spreadsheets in determining valuations.  |

It is important to note that the state Department of Revenue does review practices utilized by the assessor when determining whether or not certification of values will occur. While this ensures appropriateness and reasonableness of practices utilized, it does not necessary provide specific confirmation of the individual valuations.

The Assessor provides an example, in response to prior question asked, that demonstrated the overall process utilized when calculating a net operating income for a property. This table is modified and utilized in the example below:

| Gross Market Rent & Other Income | 21% Vacancy | 20% Vacancy | 19% Vacancy |
|----------------------------------|-------------|-------------|-------------|
| Potential Gross Income (PGI)     | \$100,000   | \$100,000   | \$100,000   |

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|                                 |            |            |            |
|---------------------------------|------------|------------|------------|
| Less Market Vacancy             | \$21,000   | \$20,000   | \$19,000   |
| Effective Gross Income          | \$79,000   | \$80,000   | \$81,000   |
| Less Operating Expenses         | (\$31,000) | (\$31,000) | (\$31,000) |
| Net Operating Income (NOI)      | \$48,000   | \$49,000   | \$50,000   |
| CAP Rate 12.2 (Class A Office)  | \$393,443  | \$401,639  | \$409,836  |
| Valuation Difference            | (\$8,197)  |            | \$8,197    |
| Tax (Rate of \$38.05 / \$1,000) | \$14,970   | \$15,282   | \$15,594   |
| Taxes on Valuation Difference   | \$(311.89) |            | \$311.89   |

Each 1% change in the assumed vacancy rate, assuming all else being equal, would result in a valuation difference of \$8,000 for each property assessed at \$400,000 or approximately a 2% swing in valuation.